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E.O. 12958: N/A

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SUBJECT: FREE NK RADIO DIRECTOR KIM SEONG-MIN INDICTED FOR
EMBEZZLING ROKG FUNDS

SUMMARY

¶1. (SBU) The Seoul Southern District Prosecutor's Office on December 12 revealed that Free North Korea Radio Director Kim Seong-min was indicted on charges of fabricating employment documents of North Korean defectors in order to receive government subsidy funding for employing North Korean defectors at his organization. Kim, himself a North Korean defector, was also charged with not properly compensating defectors for their editorial contributions that were used as part of the radio's programming. It was reported that the Prosecutor's Office had already confirmed most of the charges against Kim during several investigative sessions. Kim is expected to resign as Director of Free NK Radio. Meanwhile, ten other defectors were indicted at the same time as Kim for similar charges of embezzling ROKG defector employment subsidy funding. END SUMMARY.

DETAILS OF KIM SEONG-MIN'S RECENT INDICTMENT

¶2. (SBU) According to various South Korean media reports, Free North Korea Radio Director Kim Seong-min was indicted on charges of embezzling KW 43 million (approximately USD 43,000) in ROKG defector employment subsidy funding by falsely declaring the salaries of his North Korean employees. (NOTE: As part of a 50 percent-wage subsidy package, the ROKG grants up to KW 700,000 per month to businesses/organizations for each North Korean defector they employ. END NOTE.) Kim was also charged with applying for additional subsidy funding by using the names of defectors who were not employed in his organization. A December 12 Kookmin Ilbo article added that Kim was also charged with not properly compensating defectors for their editorial contributions that were used as part of the radio's programming.

¶3. (SBU) In a written apology posted on the Free North Korea Radio homepage on December 15, Kim acknowledged most of the charges, while trying to explain the financial circumstances that led him to rely on more "expedient means" to increase the monthly wages of his North Korean employees from KW 300,000 to KW 800,000 using the KW 500,000 in subsidy funding that his organization received from the ROK government for each defector employed by the NGO. Kim also claimed that the "fake" defector employees were either former or irregular employees, who had participated in producing the organization's broadcasting content by contributing editorials or recording programs, and thus were compensated for their "work" using the subsidy money. Kim also stated that his organization, according to its statute, was not obliged to pay defectors for their written testimonies, thus rebutting the claim that his organization was not properly paying defectors for their editorial contributions.

¶4. (SBU) Based on these justifications, Kim criticized the South Korean press for portraying him as a "worthless defector," who had

taken advantage of loopholes in the ROKG defector support system to promote his private interests. Kim concluded his statement by demanding that the Korean press correct its reporting, while acknowledging the need to take responsibility for breaking the law. Kim expressed his intention to resign from his position as Director of Free NK Radio upon the approval of his organization's Broadcasting Committee, which is chaired by Hwang Jang-yop -- the highest-level North Korean official to come to the ROK. (NOTE: Kim is currently waiting for judicial action on his case. END NOTE.)

OTHER DEFECTORS INDICTED FOR SIMILAR CHARGES

¶15. (SBU) Ten other defectors were indicted at the same time as Kim for similar charges of embezzling ROKG defector employment subsidy funds by fabricating documents that were submitted to the Ministry of Labor (MOL) -- the ROK government agency that handles defector employment issues. Among the ten who were indicted, two are currently in custody, including the owner of a chicken restaurant who had received KW 67 million (approximately USD 67,000) from the ROKG during a two-year period for "employing" three defectors. A Mr. Choi, the other defector in custody, was charged with conspiring with six other defectors to receive approximately KW 20 million in subsidy funding during a 22-month period exploiting similar labor-related provisions exclusively for defectors.

LOOPOLES IN ROKG EMPLOYMENT SUPPORT SYSTEM

¶16. (SBU) According to the Prosecutor's Office, the recent indictments resulted from investigations that started in July 2007. The fundamental reason for these crimes, according to an investigator, was because of the MOL's mismanagement of defector funding. In fact, Maeil Business TV reported that the MOL's Employment Assistance Center had given out related funding without

any oversight measures in place. "MOL just takes care of the paperwork and the documents are sent to the Ministry of Unification," said an unnamed MOL official.

¶17. (SBU) This is also the case for other types of employment subsidy funding for other social minority groups, resulting in over 100 cases of fraud each year. The MOL, however, attributed the current difficulty in preventing such crimes to a lack of manpower within the ministry that prevents regular on-site visits to businesses and individuals that receive government subsidy funding, and acknowledged the need to institute stricter procedures in granting and maintaining governmental funding.

COMMENT

¶18. (SBU) News of Kim Seong-min's recent indictment has disappointed Kim's South Korean sponsors and defectors, who have regarded Kim as a strong leader within the defector community. There are unconfirmed rumors that some disgruntled former employees of Free NK Radio, who were suspicious of Kim's use of the subsidy funding, tipped-off the Prosecutor's Office about his "illegal" methods. Since Kim does not refute many of his charges against him, the news is likely to hurt the reputation of his organization, which stood out as the first defector-run radio station to broadcast into North Korea. Meanwhile, the other cases serve to highlight the fraudulent activities of defectors, which not only reflect some of the negative side-effects of governmental resettlement assistance policies, but also point to the temptations that defectors face in relying on illegal methods to make "easy" money in the ROK. END COMMENT.